

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6282**

**BILL NUMBER:** SB 448

**NOTE PREPARED:** Dec 22, 2012

**BILL AMENDED:**

**SUBJECT:** Motor Vehicle Insurance Claim Settlement.

**FIRST AUTHOR:** Sen. Yoder

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:** X **GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill requires a motor vehicle insurer to make a good faith effort to contact a policyholder and any other individual necessary to resolve a claim for damage to a third party. The bill requires settlement of certain claims after 30 days. It also makes a violation of either of these requirements an unfair claims settlement practice.

**Effective Date:** July 1, 2013.

**Explanation of State Expenditures:** This bill provides that a motor vehicle insurer is required to provide certain notice and payment for motor vehicle repair claims. Failure to do so would be considered an unfair claim settlement. To the extent insurance providers are alleged to have engaged in unfair claim settlements, this bill will increase workload of the Department of Insurance to investigate allegations and provide adjudicative proceedings to determine if an unfair claim settlement has been committed.

**Explanation of State Revenues:** If this bill increases the number of unfair claim settlements discovered by the Department of Insurance, revenue to the General Fund will increase from civil penalties paid by violators. The penalty for engaging in an unfair and deceptive act is either or both (1) a civil penalty between \$25,000 and \$50,000 for each act or violation and (2) revocation of a person's license or certificate of authority, provided the person knowingly engaged in an unfair claim settlement. Actual increases in revenue are unknown.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Insurance.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Bill Brumbach, 232-9559.